

**Office of  
The City Attorney  
City of San Diego**

**MEMORANDUM  
MS 59**

**(619) 236-6220**

**DATE:** May 17, 2021

**TO:** Jay Goldstone, Chief Operating Officer

**FROM:** Deputy City Attorney Bret A. Bartolotta

**SUBJECT:** Certification of Funds Under Charter sections 39 and 80

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**INTRODUCTION**

It is this Office's understanding that the Office of the City Auditor (Auditor) will soon issue a report in which he opines that the manner in which the Chief Financial Officer (CFO) certifies the availability of funds for contracts, agreements or other obligations (collectively, Obligations) is not in compliance with the San Diego Charter (Charter). This Memorandum addresses the legal requirements related to the CFO's certification of funds under Charter sections 39 and 80.

**QUESTIONS PRESENTED**

1. What is the purpose of the CFO's certification of funds in Charter sections 39 and 80, and what are the respective requirements under each section?
2. Did the City err in entering into Obligations without first receiving from the CFO a written certification of funds as required by Charter section 39?
3. Does a prospective certification of funds by the CFO for Obligations meet the Charter section 39 and 80 requirements?

**SHORT ANSWERS**

1. The certification of funds provisions in Charter sections 39 and 80 force the City to operate within its means and protect the City from overcommitting its available resources. Both Charter sections require the CFO to certify that sufficient funds are or will be available to cover an Obligation prior to the City entering into that Obligation. Charter section 39 requires that the certification be in writing and provides that, without such certification, an Obligation is invalid. Charter section 80 applies only to Obligations approved by the City Council and makes specific reference to the CFO's certification being a matter of his or her judgment.

2. No. The Charter broadly defines a "writing" and the CFO may therefore use myriad methods to establish that a proper certification of funds for purposes of Charter section 39 has been provided. As such, the City is complying with the written certification requirement of Charter section 39.

3. Yes. Neither Charter section 39 nor 80 requires the CFO to provide a separate certification for each Obligation. Further, the detailed processes and regulations followed by Department of Finance (DoF) staff with regard to its comprehensive planning and oversight of the City's budget, combined with robust budgetary software controls, form a sound basis upon which the CFO exercises his or her judgment in certifying funds and ensuring that the City operates within its means.

## BACKGROUND

Periodically, questions have been brought forth regarding the certification of funds requirements of Charter sections 39 and 80. In early 2019, DoF staff asked this Office to confirm it was properly certifying funds for certain types of Obligations as required under those Charter sections. The then-CFO thereafter issued a Memorandum explaining that Comptroller Certificates<sup>1</sup> are often used to satisfy the funds certification requirement of Charter sections 39 and 80 (the "First CFO Memo"). See Attachment A. For Obligations for which the CFO does not issue Comptroller Certificates, the final paragraph of the First CFO Memo provided a prospective certification.<sup>2</sup> Shortly after the CFO issued the First CFO Memo, our Office learned that the Auditor had expressed concern that the budgetary control of AVC is triggered *after* a City contract is signed, which could be non-compliant with the Charter.

The CFO issued a second Memorandum dated January 24, 2020 (Second CFO Memo). See Attachment B. The Second CFO Memo explained the budget and accounting processes that the CFO and DoF have developed to ensure that "the City treasury is fiscally sound and not overextended." Second CFO Memo, at 1. The Second CFO Memo introduced a new process, the Certification of Funds Report (Funds Report).<sup>3</sup> For Obligations deemed impractical for certification, the Second CFO Memo itself is designated as the CFO's certification of funds required by Charter sections 39 and 80.

In a Memorandum dated May 1, 2020 (Amendment Memo), the CFO proposed amendments to Charter sections 39 and 80 that, if adopted, would require the CFO to "certify annually that budgetary controls exist to ensure that the City operates within its approved budget."<sup>4</sup> Amendment Memo, at 2. The CFO represented that the "proposed approach will maintain accountability of the CFO with regard to ensuring the existence and use of adequate budgetary controls," as well as "allow the CFO to maximize the efficiencies that come from the City's

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<sup>1</sup> Comptroller Certificates are written certifications primarily issued for Obligations that are approved via City Council or Mayoral Action. They not only verify the availability of funds, but also encumber funds. Though encumbrance of funds is not required under Charter sections 39 or 80, the use of Comptroller Certificates to certify funds for Obligations authorized by City Council and Mayoral Action has been the City's historical practice.

<sup>2</sup> The First CFO Memo identified the City's budgetary software, SAP, as a key tool upon which the CFO relied to provide his prospective certification. SAP includes built-in budgetary controls (AVC) that prevent expenditures from being incurred if adequate budget for such expenditure is not available. The First CFO Memo also cited the "continual monitoring of budgetary compliance" performed by DoF staff in addition to SAP as part of his reasonable basis for providing the prospective certification within that Memo.

<sup>3</sup> The purpose of the Funds Report is to verify the availability of funds for certain Obligations for which Comptroller Certificates are not typically issued. One example of such Obligations for which Funds Reports are used to certify funds is goods and services contracts of up to \$3 million. Second CFO Memo, at 2. Our Office, as well as staff from the Purchasing and Contracting Department, assisted the CFO and DoF staff in creating the Funds Report.

<sup>4</sup> This annual certification of funds under the amended Charter sections 39 and 80 would not preclude the CFO from issuing Comptroller Certificates or Funds Reports if the CFO finds value in their continued use.

Enterprise Resource Planning System.” *Id.* The City Council declined to place the proposed Charter amendments onto the 2020 ballot. Based on the above background and in light of the Auditor’s anticipated report, this Memorandum seeks to clarify what is legally required with regard to the CFO’s certification of funds under Charter sections 39 and 80.

## ANALYSIS

### I. THE FUNDS CERTIFICATION REQUIREMENTS OF CHARTER SECTIONS 39 AND 80 ENSURE THAT THE CITY OPERATES WITHIN ITS MEANS

#### A. Purpose of CFO Certification of Funds in Charter sections 39 and 80

Charter sections 39 and 80 “set forth a mechanism for ensuring that the City does not enter into financial obligations unless there are sufficient funds available to meet those obligations.” City Att’y ML 2009-20 (Dec. 18, 2009). Both Charter sections are in the nature of debt limitation provisions contained in Article XVI, section 18 of the California Constitution and Charter section 99. City Att’y MS 2014-15 (July 29, 2014). “The underlying purpose of these debt limits is to force government to operate within its means.” *Id.*; *Taxpayers for Improving Public Safety v. Schwarzenegger*, 172 Cal. App. 4th 749, 761 (2009). In a sense, debt limitation provisions are like balanced budget requirements. *Rider v. City of San Diego*, 18 Cal. 4th 1035, 1045 (1998). Funds certification requirements are intended to prevent the City from over-committing its available resources.

#### B. Constructive Interpretation of Charter Sections 39 and 80

To ensure proper interpretation of the funds certification requirements of Charter sections 39 and 80, we first consider the rules of statutory construction. Those rules require ascertaining the voters’ intent when adopting charter provisions. *Woo v. Superior Court*, 83 Cal. App. 4th 967, 974-75 (2000). When the ordinary and usual meaning is clear and unambiguous, courts presume that voters intended the plain language to control. *People v. Cruz*, 13 Cal. 4th 764, 782-83 (1996). When reviewing plain language, courts look at the ordinary usage of words, as reflected in a dictionary and construed in context. *Delaney v. Superior Court*, 50 Cal. 3d 785, 798 (1990). The plain language of Charter sections 39 and 80 is clear and does not require interpretation.

#### 1. Certification of Funds Requirement – Charter section 39

Charter section 39 provides as follows with regard to the CFO’s certification of funds:

No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless ***the Chief Financial Officer shall certify in writing that the money required*** for such contract, agreement, or obligation for such year ***is or will be in the treasury*** to the credit of the appropriation from which it is to be drawn and that it is otherwise unencumbered. (Emphasis added.)

Accordingly, before entering into Obligations, the CFO must certify in writing that funds to cover those Obligations ***are or will be*** available. Charter section 39 does NOT require: (1) that

the CFO's certification of funds be in any particular form (e.g., that it must be a Comptroller Certificate) other than what legally constitutes a "writing;" (2) that funds must be encumbered by the CFO's certification; or (3) that the certification of funds for each Obligation must be held separate from other Obligations (i.e., that a separate certification must be issued for each Obligation).

The only term that warrants further interpretation is Charter section 39's reference to "in writing." A writing is defined as "[a]ny intentional recording of words in a visual form, whether in handwriting, printing, typewriting, or any other tangible form that may be viewed or heard with or without mechanical aids. This includes hard-copy documents, electronic documents on computer media, audio and videotapes, e-mails, and any other media on which words can be recorded." *Writing, Black's Law Dictionary* (11th ed. 2019). The CFO may use myriad methods to establish a certification of funds "in writing" for purposes of Charter section 39, including a memorandum; Comptroller Certificates; Funds Reports; other screen-shots of City accounting software process pages; an email from a member of DoF staff to a Deputy City Attorney or member of any other City department; the stored record of a checkbox or completed step in an internal accounting or budgeting system, and the recorded approval in an electronic docketing system of an adopted budget or intra-year budget monitoring report and budget amendment for a particular fiscal year.

## 2. Certification of Funds Requirement – Charter section 80

Charter section 80 provides as follows with regard to the CFO's certification of funds:

The *Council* may not approve any contract, agreement or other obligation involving the expenditure of City funds unless the *Chief Financial Officer first certifies* that, *in the judgment of the Chief Financial Officer, sufficient funds are or will be available in the City treasury* to make such expenditures from revenues received during or before the fiscal year in which the obligations will become due. (Emphasis added.)

Thus, before the City Council approves an Obligation, the CFO must confirm that funds to cover the Obligation *are or will be* available. Charter section 80 does NOT require: (1) that the CFO's certification of funds must be in writing;<sup>5</sup> (2) that the CFO's certification of funds must be in any particular form; (3) that funds must be encumbered by the CFO's certification; or (4) that the certification of funds for each Obligation must be held separate from other Obligations. When compared to the funds certification language of Charter section 39, the material difference is that Charter section 80 does not require that such certification be in writing.

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<sup>5</sup> Though the CFO's certification of funds under Charter section 80 is not required to be in writing, we would like to address the annual Salary Ordinance (SO), which the Auditor has raised in the past as an example of an Obligation for which the availability of funds may not have been certified, as no Comptroller Certificate was issued prior to the City Council's approval. First, Charter section 82 specifically exempts "[p]ayments for salaries of officers and employees" from the "review and approval prescribed for other payments;" meaning the funds certification requirement of Charter section 80 does not apply to the SO. Second, even if this were not the case, it is reasonable to conclude that the DoF's approval of the SO in the City's internal routing software system, OnBase, would serve as the CFO's required certification of funds.

## **II. THE CITY IS IN COMPLIANCE WITH THE WRITTEN FUNDS CERTIFICATION REQUIREMENT OF CHARTER SECTION 39**

### **A. Obligations Incurred After Issuance of the First CFO Memo**

As discussed above, the First CFO Memo included a certification of funds for purposes of meeting the requirement of Charter section 39. That certification met the technical requirement of Charter section 39, even though the CFO focused on the functionality of AVC within SAP as a significant portion of his basis for rendering the prospective certification of funds in the First CFO Memo. The CFO prospectively certified in writing that the money for each Obligation processed through SAP was or would be available to cover that Obligation, and therefore each such Obligation was valid. Assuming the validity of a prospective certification of funds, as well as the validity of the CFO's issuance of a second prospective certification of funds in the Second CFO Memo,<sup>6</sup> all Obligations processed through SAP since the date of the First CFO Memo (June 26, 2019) have comported with the funds certification requirement of Charter section 39.<sup>7</sup>

### **B. Obligations Incurred Before Issuance of the First CFO Memo**

Following the issuance of the First CFO Memo, the Auditor questioned the validity of Obligations incurred prior to that Memo's issuance and for which a Comptroller Certificate or other written certification of funds was not issued. For any such Obligation, if no written certification of funds was issued prior to its having been incurred, then that Obligation would not be valid.<sup>8</sup> However, under the broad definition of what constitutes a "writing" presented above, this Office anticipates that there would be few (if any) circumstances in which this aspect of the funds certification requirement in Charter section 39 will not have been met. The current CFO would simply need to identify by what means the CFO has met or is meeting the written funds certification requirement for a given Obligation.

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<sup>6</sup> This Office assumes that the CFO has continued to re-issue the Second CFO Memo on the first day of each fiscal year as required by its terms.

<sup>7</sup> An analysis of prospective certifications of funds under Charter sections 39 and 80 is presented below in section III of this Memorandum.

<sup>8</sup> An "invalid contract" is defined as "[a]n agreement that is either void or voidable." *Invalid contract, Black's Law Dictionary* (11th ed. 2019). A "void contract" is defined as one "that is of no legal effect, so that there is really no contract in existence at all." *Void contract, Black's Law Dictionary*, (11th ed. 2019). A "voidable contract" is defined as one "that can be affirmed or rejected at the option of one of the parties; a contract that is void as to the wrongdoer but not void as to the party wronged, unless that party elects to treat it as void." *Voidable contract, Black's Law Dictionary* (11th ed. 2019). While legislative history provides no meaningful guidance as to the intent of the drafters of the original Charter section 39 from 1931, this Office finds it reasonable to ascribe the meaning of "voidable" to the term "invalid" as it is used in Charter section 39. Therefore, the incurrence of an Obligation without the CFO's prior certification of funds for same would render the Obligation unenforceable by the City against the other party thereto. However, the other party may choose to abide by the terms of the Obligation and enforce its terms against the City such that the City would not be permitted to benefit from the CFO's failure to certify funds as required by the Charter.

### III. THE CFO'S PROSPECTIVE CERTIFICATION OF FUNDS COMPLIES WITH THE CHARTER

The relevant provisions of Charter sections 39 and 80 require that the CFO certify that sufficient funds are available, or will be available, to cover an Obligation prior to the City entering into that Obligation. As previously noted, the differences between the funds certification provisions of the two Charter sections are that: (i) Charter section 39 requires that the certification be in writing; (ii) Charter section 80 applies specifically to Council-approved Obligations; and (iii) Charter section 80 defers to the CFO's professional judgment as the basis for his or her certification. Other than requiring written certification of funds, there is no material difference between the language of the Charter sections, and both exist to ensure that the City operates within its means. Further, the language in both - "or will be" - contemplates prospective certification.

Since Charter section 39 shares the same forward-looking language as Charter section 80, it is reasonable to ascribe to Charter section 39 the same importance of the CFO's judgment as the basis for his or her issuing a certification of funds as is explicitly stated in Charter section 80.<sup>9</sup> This equilibration is especially appropriate given that the title of Charter section 39 is "Chief Financial Officer" and the primary focus of that section is to emphasize the CFO's authority over, responsibility for, and oversight of the City's financial well-being. Essentially, Charter section 39 declares the CFO to be the "person most knowledgeable" regarding the "exact financial condition of the City and of each Department, Division and office thereof." Based on that knowledge and responsibility, the CFO is required to provide "at least monthly a summary statement of revenues and expenses." In order to fulfill their Charter section 39 duties, the CFO and DoF staff have thoughtfully developed an organization of qualified accounting and finance professionals, extensive budgeting and monitoring processes,<sup>10</sup> and state of the art financial software packages/controls.

Considering the authority and responsibility entrusted to the CFO in Charter section 39 and the comprehensive measures in place to allow the CFO to exercise and meet them, ascribing an implicit reliance on the CFO's professional judgment for purposes of certifying the availability of funds under Charter section 39 is reasonable. Also, based on the breadth and depth of resources available to and utilized by the CFO in fulfilling his or her role under the Charter, the explicit reliance on the CFO's judgment in Charter section 80 and the implicit reliance on the

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<sup>9</sup> This Office has opined that "[t]he certification of funds required by Charter section 80 is a judgment at the discretion of the Chief Financial Officer." City Att'y ML 2015-12 (Jul. 14, 2015) citing City Att'y MS 2014-15 (Jul. 29, 2014). What is noteworthy is that this opinion predates the 2016 amendment to Charter section 80 that inserted the phrase, "in the judgment of the Chief Financial Officer;" meaning deference to the CFO's professional judgment was formerly implicit in Charter section 80, as it currently is in Charter section 39.

<sup>10</sup> One such process is City of San Diego Administrative Regulation 95.39 Management Responsibilities for Internal Financial Controls, which "AR" serves to "[d]efine management responsibilities related to establishing, maintaining, monitoring and complying with a system of *Internal Financial Controls* to minimize risk of asset loss and ensure reliability of financial information and compliance with financial laws, rules and regulations." AR 95.39 allocates responsibilities from the Executive Management Team, to the CFO, to Department Directors to the Chief Information Officer. Another example is the Annual Report on Internal Financial Control (IFC Report), which report is prepared pursuant to San Diego Municipal Code section 22.0706 and whereby the Chief Operating Officer and CFO present to the City Council and Audit Committee their annual evaluation of the City's internal financial controls. A copy of the entire most recent IFC Report is available at:

<https://www.sandiego.gov/sites/default/files/2020-annual-report-on-internal-financial-control-march-1-2021.pdf>.

CFO's judgment in Charter section 39 for purposes of the prospective certification of funds complies with both the technical requirements and intent of the Charter.

Bearing in mind the strong similarities and generally immaterial differences between the funds certification language, a written prospective certification of funds by the CFO complies with the requirements of both Charter section 39 and 80.<sup>11</sup>

### CONCLUSION

The CFO's certification of funds provisions contained in Charter sections 39 and 80 serve to protect the City from overcommitting its available resources.<sup>12</sup> The relevant language of both Charter sections requires the CFO to certify that sufficient funds are or will be available to cover an Obligation prior to the City entering into that Obligation. Obligations entered into by the City without first receiving a certification of funds in writing would not comply with Charter section 39 requirements and would be voidable.

The CFO's use of a prospective approach to meet the funds certification requirements complies with the language and intent of Charter sections 39 and 80. Nevertheless, the City may again seek to amend Charter sections 39 and 80 to provide clarity and maintain accountability of the CFO with regard to ensuring that the City does not over-commit its available resources.

MARA W. ELLIOTT, CITY ATTORNEY

By           /s/ Bret A. Bartolotta            
Bret A. Bartolotta  
Deputy City Attorney

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Doc. No.: 2601401\_9  
Attachment

cc: Honorable Mayor Todd Gloria  
Chief Financial Officer Matthew Vespi  
Independent Budget Analyst Andrea Tevlin

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<sup>11</sup> The CFO's use of a prospective funds certification does not preclude the CFO from also continuing the historical practice of issuing Comptroller Certificates, Funds Reports and other means of certifying (and in some cases, encumbering) funds for certain types of Obligations.

<sup>12</sup> Our Office is unaware of, and the Auditor has not to our knowledge specified, any instance in which the City has defaulted on an Obligation for lack of sufficient funds (either prior to or after the issuance of the First CFO Memo). While not the precise subject of this Memorandum, the existence of safeguards that would mitigate financial harm to the City if funds for an Obligation were ever found to be insufficient after it was incurred (e.g., SAP's AVC functionality, the Annual Appropriation of Funds provision and the Termination for Convenience provision of City's General Contract Terms and Provisions, etc.), give this Office comfort that the purpose for which the funds certification provisions of Charter sections 39 and 80 exist would still be upheld.



## THE CITY OF SAN DIEGO

## M E M O R A N D U M

DATE: June 26, 2019

TO: Department Directors

FROM: Rolando Charvel, Chief Financial Officer

SUBJECT: Certification Requirements under City Charter Sections 80 and 39

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This Memorandum will address the process the City of San Diego ("City") uses to comply with certification requirements under City Charter section 80 ("Section 80") and City Charter section 39 ("Section 39").<sup>1</sup>

**Section 80**

Section 80 provides that "The *Council* may not approve any contract, agreement or other obligation involving the expenditure of City funds unless the Chief Financial Officer first certifies that, in the judgment of the Chief Financial Officer, sufficient funds are or will be available in the City treasury to make such expenditures from revenues received during or before the fiscal year in which the obligations will become due" (emphasis added).

Section 80 specifically addresses contracts requiring City Council approval. Comptroller Certificates are also generated for certain contracts requiring Mayoral action.<sup>2</sup> The Department of Finance is responsible for preparing the Comptroller Certificate certifying that funds have been appropriated and encumbered. Section 80's certification requirement is met via a Comptroller Certificate, which is generated for all contracts requiring Council action.

**Section 39**

Section 39 states that "No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless the Chief Financial Officer shall certify in writing that the money required for such contract, agreement, or obligation for such year is or will be in the treasury to the credit of the appropriation from which it is to be drawn and that it is otherwise unencumbered."

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<sup>1</sup> The Office of the City Attorney has reviewed and approved the content of this Memorandum.

<sup>2</sup> Architectural and Engineering (A&E) Consultant Contracts between \$150,000 and \$250,000 and Non-A&E Consultant Contracts between \$25,000 and \$250,000 are routed by Mayoral action pursuant to Administrative Regulations 25.60 and 25.70, respectively, for which Comptroller Certificates are generated.

Though similar to Section 80 in intent and purpose, Section 39 requires that the certification be provided “in writing” and is not limited to contracts requiring City Council approval.

The San Diego Municipal Code (“Municipal Code”) establishes certain procurement thresholds under which the Mayor or his designee has the authority to execute contracts. For example, the Mayor or his designee can execute goods and services contracts of up to \$3 million pursuant to Municipal Code section 22.3206. Comptroller Certificates are not typically issued for such contracts unless they are routed by a Mayoral action form (1544). These contracts are processed through budgetary software (“SAP”), as described below.

SAP is a software program that includes built-in budgetary controls, referred to as the Availability Control (“AVC”), that prevent an expenditure from being incurred if an adequate budget for the proposed expenditure is not available. The AVC function of SAP fulfills the Charter’s budgetary control requirement.

When a Purchase Requisition/Purchase Order is created, an encumbrance is recorded in the system.<sup>3</sup> The encumbrance system of accounting is a mechanism to accomplish effective budgetary control and thus, meets the requirement “that the money required for such contract, agreement, or obligation for such year is or will be in the treasury to the credit of the appropriation from which it is to be drawn and that it is otherwise unencumbered” per Section 39.

In addition to SAP, the Department of Finance performs continual monitoring of budgetary compliance, which includes compliance with Sections 80 and 39. Actual financial results are compared to the budget on a quarterly basis, the results of which are reported to the Budget and Government Efficiency Committee and the City Council.

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<sup>3</sup> If a Comptroller Certificate has been created for the same purchase, it is linked to the purchase requisition to avoid a double encumbrance.

Based on the above, I certify as follows:

CERTIFICATION:

Pursuant to Section 39, I certify that, for each contract, agreement, or other obligation for the expenditure of City funds processed through SAP, the money required for such contract, agreement, or obligation for such year is or will be in the treasury to the credit of the appropriation from which it is to be drawn and that it is otherwise unencumbered. This certification shall remain in effect until revoked or otherwise amended based on changes to applicable budgetary controls within SAP upon which this certification is based.



Rolando Charvel  
Chief Financial Officer

RC/cab

cc: Honorable City Attorney Mara Elliott  
Aimee Faucett, Chief of Staff, Office of the Mayor  
Kris Michell, Chief Operating Officer  
Andrea Tevlin, Independent Budget Analyst  
Kyle Elser, City Auditor (Interim)  
Stacey LoMedico, Assistant Chief Operating Officer  
Ronald H. Villa, Assistant Chief Operating Officer  
David Nisleit, Chief, Police Department  
Colin Stowell, Chief, Fire-Rescue Department  
Eric Caldwell, Deputy Chief Operating Officer, Smart and Sustainable Communities  
Johnnie Perkins, Jr., Deputy Chief Operating Officer, Infrastructure/Public Works  
Jeff Sturak, Deputy Chief Operating Officer, Internal Operations  
Robert Vacchi, Deputy Chief Operating Officer, Neighborhood Services  
Bret Bartolotta, Deputy City Attorney



## THE CITY OF SAN DIEGO

## M E M O R A N D U M

DATE: January 24, 2020

TO: Department Directors

FROM: Rolando Charvel, Chief Financial Officer

SUBJECT: Certification Requirements under City Charter Sections 80 and 39

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This Memorandum will address the process the City of San Diego (“City”) uses to comply with certification requirements under City Charter sections 80 (“Section 80”) and 39 (“Section 39”). The process described below includes additional steps to be performed by departments for certain contracts. This memorandum will replace and supersede the memo issued on June 26, 2019, titled “Certification Requirements under City Charter Sections 80 and 39.”

**BACKGROUND**

The Chief Financial Officer (“CFO”) is the “chief fiscal officer” of the City, and is responsible for overseeing the City’s budgetary controls and monitoring its fiscal obligations. See San Diego City Charter (“Charter”) section 39. The Department of Finance (“DOF”), under the CFO’s direction, has developed a comprehensive process for preparation of the City’s annual budget and detailed accounting protocols to ensure that the City treasury is fiscally sound and not overextended.

The City’s internal financial controls were modernized through the implementation of its Enterprise Resource Planning System (“SAP”) in 2009. SAP includes a robust monitoring and reporting function to prevent overspending.<sup>1</sup> While modern accounting has moved to a software-based system, the Charter sets forth certain requirements for a written certification by the CFO prior to the City entering contracts and obligations. The purpose of this Memorandum is to ensure consistent compliance with Sections 80 and 39 as follows:

**CHARTER SECTION REQUIREMENTS: SECTIONS 80 AND 39**

Section 80 provides that: “The *Council* may not approve any contract, agreement or other obligation involving the expenditure of City funds unless the Chief Financial Officer first certifies that, in the judgment of the Chief Financial Officer, sufficient funds are or will be

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<sup>1</sup> SAP is a software program that includes built-in budgetary controls, referred to as the Availability Control (“AVC”), that prevents an expenditure from being incurred if an adequate budget for the proposed expenditure is not available. The AVC function of SAP prevents a contract from moving forward unless adequate funds are available even if a Charter-required certification is on file.

available in the City treasury to make such expenditures from revenues received during or before the fiscal year in which the obligations will become due” (emphasis added). Section 80 specifically addresses contracts requiring City Council approval.

Section 39 states that: “No contract, agreement, or other obligation for the expenditure of public funds shall be entered into by any officer of the City and no such contract shall be valid unless the Chief Financial Officer shall certify in writing that the money required for such contract, agreement, or obligation for such year is or will be in the treasury to the credit of the appropriation from which it is to be drawn and that it is otherwise unencumbered.” Though similar to Section 80 in intent and purpose, Section 39 requires that the certification be provided “in writing” and is not limited to contracts requiring City Council approval.

### **CFO CERTIFICATION PROCESS**

#### **A. Contracts Routed for Council or Mayoral Action**

For all contracts requiring Council approval, and certain contracts requiring Mayoral approval, the CFO or designee certifies compliance with Sections 80 and 39. Compliance is provided in the form of a Comptroller’s Certificate confirming that sufficient funds are or will be available in the City treasury in the fiscal year the obligations will become due. A Comptroller Certificate is generated by the DOF for such contracts when they are routed for approval, which is typically through the City’s OnBase software for “Council action” contracts and through a City Form 1544 for “Mayoral action” contracts.<sup>2</sup>

#### **B. Contracts Not Routed for Council or Mayoral Action**

Other types of contracts are not routed for Council approval or Mayoral action. For example, goods and services contracts up to \$3 million in value may be executed by the Mayor or his designee. See San Diego Municipal Code section 22.3206. However, a Comptroller’s Certificate is not generated for these types of contracts because they are not routed by a Form 1544.

The DOF has made efforts to ensure more consistent compliance with the Charter certification requirements for these types of contracts. Most of these contracts are processed through the City’s SAP system. While SAP’s AVC function does prevent expenditures from being incurred if adequate budget for those expenditures is not available, this function generally occurs *after* a contract has been physically executed.

To address this issue, the DOF and the Purchasing & Contracting Department worked with the Office of the City Attorney (“OCA”) to revise the process so that a Certification of Funds Report (“Report”)<sup>3</sup> will be generated when a Department proposes to enter into a contract or obligation. The Report will be generated based on information from the DOF and will be

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<sup>2</sup> Architectural and Engineering (A&E) and Non-A&E Consultant Contracts between \$25,000 and \$250,000 (or up to \$1 million if the Non-A&E Consultant Contract is for a public works project funded from the Annual Capital Improvements Project budget under San Diego Municipal Code section 22.3207) are routed by Mayoral action pursuant to Administrative Regulations 25.60 and 25.70, respectively, for which Comptroller Certificates are generated.

<sup>3</sup> Attachment 1 presents a sample Report to illustrate the information that will be presented to the OCA before a contract is fully executed and is subject to change.

routed and reviewed by the OCA before each such contract is consummated. In place of a Comptroller's Certificate, this Report will certify that the funds committed under a given contract are or will be available as required under the Charter. In the event the report says funds are not available or certification of future years funds are needed, the DOF can perform a manual certification of funds after additional analysis is performed.<sup>4</sup>

For purchases made by Purchase Order or Non-Purchase Order Invoice Payment (IP), the Report will be run before vendors are authorized to perform work and will be attached to the Purchase Order creation or Non-Purchase Order IP document in SAP, unless those purchases have been certified in some other manner. Please see Attachments 2 and 3 for additional information on those types of purchases.

*The DOF will provide additional information and training to relevant staff in operating departments regarding the process described above.*

The following types of transactions do not require a Report be run since these obligations are certified via other methods:

1. Purchases made with Procurement Cards are certified with the limit placed on the individual card.
2. Obligations involving agency funds where the City's role in the transaction is merely that of a conduit (e.g., parking citation revenue, refunds for overpayment, etc.).
3. Purchases leveraging existing contracts already certified through the Ariba purchasing module.

### **C. Other Contracts and Obligations**

Lastly, there are some City contracts and obligations for which it is not practical to certify funds in writing prior to each transaction, such as obligations to employees (including wages, employee health benefits and the annual actuarial defined contribution to the City's pension), emergency contracts, and IP obligations under \$50,000. For these types of contracts, this Memorandum shall serve as the certifying document that funds are or will be available to meet those obligations based on the annual budget and appropriations process per Section 39.

As discussed above, the development of the budget is a comprehensive process, which includes skilled accounting and finance personnel, industry-leading budgeting and finance software, and ongoing reviews and reporting of actual results against projections resulting in appropriate budget adjustments, all of which is open to public scrutiny. This process, coupled with the City's strong accounting controls and monitoring, ensures that the City will meet its contractual and other fiscal obligations.

For all contracts and obligations not otherwise certified as described above, this Memorandum shall serve as the CFO certification of funds. This Memorandum shall be re-

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<sup>4</sup> This certification does not supersede Department Directors' responsibilities under AR 95.39 Management Responsibilities for Internal Financial Controls, "for their department's compliance with citywide financial policies and procedures," which includes adhering to their authorized budget.

issued annually on the first day of each fiscal year and shall remain in effect until revoked or otherwise amended by the CFO.

CERTIFIED BY:



Rolando Charvel  
Chief Financial Officer

RC/BB/cb

Attachments: 1. Sample Report  
2. Delegation of Authority to Sign Contracts Memorandum  
3. Non-Purchase Order Invoice Payments (IP) Exception Lists

cc: Honorable City Attorney Mara Elliott  
Aimee Faucett, Chief of Staff, Office of the Mayor  
Kris Michell, Chief Operating Officer  
Andrea Tevlin, Independent Budget Analyst  
Kyle Elser, City Auditor (Interim)  
Ronald H. Villa, Assistant Chief Operating Officer  
David Nisleit, Chief, Police Department  
Colin Stowell, Chief, Fire-Rescue Department  
Eric Caldwell, Deputy Chief Operating Officer, Smart and Sustainable Communities  
Johnnie Perkins, Jr., Deputy Chief Operating Officer, Public Works & Utilities  
Jeff Sturak, Deputy Chief Operating Officer, Internal Operations  
Robert Vacchi, Deputy Chief Operating Officer, Neighborhood Services  
Bret A. Bartolotta, Deputy City Attorney  
Tracy McCraner, Director and City Comptroller, Department of Finance  
Sarah Mayen, Assistant Director, Department of Finance  
Jeff Peelle, Financial Operations Manager, Department of Finance  
Amy Pinion, Principal Accountant, Department of Finance



Fund Certification Report



Run Report for: Fund

Operating Fund Certification Refresh Date :1/22/20 Funds Certified per Charter §§ 39 and 80: YES

Fund	Available Budget	Obligation Amount	Variance
100000	154,366,561.18	10,000.00	-154,356,561.18
GENERAL FUND			



**KEVIN L. FAULCONER  
MAYOR**

**M E M O R A N D U M**

**DATE:** August 31, 2015  
**TO:** Department Directors  
**FROM:** Mayor Kevin L. Faulconer  
**SUBJECT:** Delegation of Authority to Sign Contracts

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San Diego City Charter section 260 provides that “[a]ll executive authority, power, and responsibilities conferred upon the City Manager in Article V, Article VII, and Article IX shall be transferred to, assumed, and carried out by the Mayor.” Section 28 of Article V requires the Mayor to supervise the administration of the affairs of the City, including the authority to execute all contracts for departments under his/her control or to designate staff that will carry out these duties.

Beginning immediately, the following individuals, as outlined by their classification herein, are hereby delegated the authority to sign contracts and related documents which are the designated responsibility of the Mayor. The Mayor, Chief Operating Officer, Assistant Chief Operating Officer, and Chief Financial Officer have the authority to sign contracts of any type and amount. Other City officers and employees have limited authority to sign contracts based on the type and amount of the contract as described below. This memorandum does not relieve the City of obtaining City Council approval prior to signing a contract if required by the City Charter or Municipal Code.

This delegation of authority shall vest in the position, not the person holding the position, should the appointment to the position change pursuant to City Charter section 29. Any limits based on contract amounts apply to both contracts expending City funds and to contracts where the City receives funds. Amendments and change orders are not considered cumulative, and each may be executed separately within these limits provided the cumulative value is within the amount authorized by City Council and the San Diego Municipal Code. Intentionally breaking up transactions into smaller amounts to bring them within a lower signature authority is prohibited. This memorandum supersedes all prior delegations of authority to sign contracts.

**PUBLIC WORKS AND RELATED CONTRACTS**

Public Works and Related Contracts are contracts related to infrastructure such as streets, sidewalks, bridges, buildings, parks, pipelines, pump stations, landfills, and water and wastewater treatment facilities. "Public Works Construction Contracts" are contracts for the construction, reconstruction and repair of facilities as defined in Charter section 94. "Related Contracts" are contracts for planning, financing, design, engineering, environmental studies, construction management, inspection, surveying, public outreach, joint or shared use of facilities, and any other activity associated with the delivery or operation of infrastructure projects. "Related Contracts" also include contracts associated with planning activity conducted by the Development Services Department, including Community Plan updates.

Public Works and Related Contracts		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Infrastructure/Public Works	Public Works Construction Contracts	\$30,000,000
	Related Contracts	\$15,000,000
Public Works Director	Public Works Construction Contracts	\$30,000,000
	Related Contracts	\$10,000,000
Assistant Public Works Director	Public Works Construction Contracts	\$15,000,000
	Related Contracts	\$8,000,000
City Engineer	Public Works Construction Contracts	\$15,000,000
	Related Contracts	\$8,000,000
Deputy Director, Public Works Contracts	Public Works Construction Contracts	\$10,000,000
	Related Contracts	\$6,000,000
Principal Contract Specialist	Public Works Construction Contracts	\$5,000,000
	Related Contracts	\$4,000,000
Senior Contract Specialist	Public Works Construction Contracts	\$2,000,000
	Related Contracts	\$1,000,000
Contract Specialist	Public Works Construction Contracts	\$500,000
	Related Contracts	\$100,000

Deputy Director, Engineering and Program Management, Public Utilities Department	Net Additive Change Orders	\$500,000
	Net Deductive Change Orders	no limit
Deputy Director and Assistant Deputy Director, Field Division of Public Works Department	Net Additive Change Orders	\$500,000
	Net Deductive Change Orders	no limit
	Escrow Agreements (PCC § 22300)	no limit
Deputy Director, Streets Division of Transportation and Storm Water Department	Net Additive Change Orders	\$500,000
	Net Deductive Change Orders	no limit
Deputy City Engineer, Street Division of Transportation and Storm Water Department	Net Additive Change Orders	\$500,000
	Net Deductive Change Orders	no limit

**CONTRACTS FOR GOODS, SERVICES, AND CONSULTANTS**

“Contracts for Goods” are contracts for the purchase or sale of articles, commodities, materials, supplies, equipment, or insurance. “Contracts for Services” are contracts to provide assistance, labor, or maintenance. “Consultant Contracts” are contracts to provide expert or professional services including, but not limited to, accounting, architectural, engineering, marketing, public relations, management, financial, and legal services. Authority to sign Contracts for Goods, Services, and Consultants rests primarily with the Purchasing and Contracting Department, except for contracts related to public works, which fall under Public Works and Related Contracts authority, above.

Contracts for Goods, Services, and Consultants		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Internal Operations	Goods, Services, Consultants	no limit
Purchasing Agent / Purchasing and Contracting Director	Goods, Services, Consultants	\$4,000,000
Purchasing and Contracting Deputy Director	Goods, Services, Consultants	\$4,000,000
Purchasing and Contracting Program Manager	Goods, Services, Consultants	\$2,000,000
Purchasing and Contracting Principal Procurement Specialist	Goods, Services, Consultants	\$1,000,000

Purchasing and Contracting Senior Procurement Specialist	Goods, Services, Consultants	\$500,000
Purchasing and Contracting Procurement Specialist	Goods, Services, Consultants	\$200,000
City Treasurer	Agreements related to banking and investment services contracts in place per Charter §45	no limit
City Treasurer	City of San Diego Funds Commission Administration	no limit

### SETTLEMENT AGREEMENTS

Settlement Agreements are contracts that resolve, in whole or in part, litigation in which the City is a party, and claims against the City filed with the Risk Management Department under California Government Code section 910. The Mayor, Chief Operating Officer, Assistant Chief Operating Officer, and Chief Financial Officer have the authority to sign all Settlement Agreements. City employees in the Risk Management Department have authority to sign Settlement Agreements of \$50,000 or less as set forth in Council Policy 000-09. Contractual disputes that are resolved through amendments or change orders are not considered Settlement Agreements unless a Government Code claim has been filed or the dispute is in litigation.

**REAL PROPERTY CONTRACTS**

Real Property Contracts are contracts for the purchase, sale, and lease of interests in real property, including easements, licenses, right-of-entry permits, right-of-way certifications, and use and occupancy permits. Authority to sign "all real property contracts" includes documents related to offers, counteroffers, letters of intent, purchase and sale contracts, real estate broker contracts, deeds, deed acceptances, and any other documents related to the acquisition, conveyance, or maintenance of interests in real property. "No City funds" means the City is not paying money, and does not preclude contracts where money will be paid to the City.

Real Property Contracts		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Internal Operations	All Real Property Contracts	no limit
Real Estate Assets Director	All Real Property Contracts	no limit
Department Directors and Assistant Directors	Right of Entry Permits	no City funds
	Special Event Permits	no City funds
Police Chief and Assistant Chiefs	Right of Entry Permits	no City funds
	Special Event Permits	no City funds
Fire Chief and Assistant Chiefs	Right of Entry Permits	no City funds
	Special Event Permits	no City funds
Fire Marshal	Right of Entry Permits	no City funds
	Special Event Permits	no City funds
Lifeguard Chief	Right of Entry Permits	no City funds
	Special Event Permits	no City funds
Park and Recreation Director	Park & Recreation Special Use Permits	no City funds
	Use and Occupancy Permits	no City funds
	Joint Use Agreements for existing facilities with School Districts	no limit
Stadium Manager	Qualcomm Stadium: Use Permits, Multi-Year Tenant Agreements, Office Space Leases	no City funds

Special Events Executive Director	Special Event Permits Filming Authorization	no City funds
Special Events Department Program Manager	Filming Authorization	no City funds
Corporate Partnerships and Development Executive Director	Marketing Partnership and Grant Agreements	no City funds

### DEVELOPMENT ENTITLEMENTS

Development Entitlements are contracts and permits related to the development of private and public property. "Development Entitlements" include all land use and construction permits and other documents related to the processing of development entitlements, economic development agreements, Facilities Benefit Assessment (FBA) and Development Impact Fee (DIF) Fee Deferral Agreements, and Termination of Fee Deferral Agreements. "Development Entitlements" also include all closing certificates, requisitions, and other documents related to the Statewide Community Infrastructure Program (SCIP documents).

Development Entitlements		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Neighborhood Services	Land Use Permits and related Development Entitlements	no limit
Development Services Director	Land Use Permits and related Development Entitlements	no limit
Planning Director, Assistant Directors, and Deputy Directors	FBA and DIF Fee Deferral Agreements	no limit
	Termination of Fee Deferral Agreements	no limit
	SCIP documents	no limit

### MILLS ACT AGREEMENTS

Mills Act Agreements are contracts with owners of historical properties for the preservation of historic structures in return for a reduction in property taxes. Authority to execute Mills Act Agreements includes the authority to sign any documents related to designating historical resources and processing the agreements.

Mills Act Agreements		
Position	Type of Contract	Maximum Amount
Planning Director	Mills Act Agreements	no limit

### ECONOMIC DEVELOPMENT AGREEMENTS

“Economic Development Agreements” include all of the following: (a) agreements that provide financial or other incentives authorized by Council Policies 900-12, 900-15, and 900-17, including, but not limited to, economic development incentive agreements, reimbursement agreements, and grants; (b) agreements associated with the San Diego Foreign Trade Zone No. 153 Program, including Foreign Trade Zone operating agreements; (c) all loan documents associated with the San Diego Regional Revolving Loan Fund and the Small Business Micro Revolving Loan Fund; (d) management agreements and operating agreements related to assessment districts and community parking districts; and (e) agreements associated with the implementation of the City’s programs for Community Development Block Grants, Emergency Solution Grants, HOME Investment Partnerships, and Housing Opportunities for Persons with AIDS.

Economic Development Agreements		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Neighborhood Services	All Economic Development Agreements	no limit
Economic Development Director and Deputy Director	All Economic Development Agreements	no limit

### POST-REDEVELOPMENT CONTRACTS

“Post-Redevelopment Contracts” include various documents related to the operation of two separate legal entities: (a) City of San Diego, solely in its capacity as the designated successor agency to the Redevelopment Agency of the City of San Diego, a former public body, corporate and politic (Successor Agency); and (b) City of San Diego, a municipal corporation, in its capacity as the housing successor to the former Redevelopment Agency of the City of San Diego (Housing Successor) [note, the Housing Successor is the same legal entity as the City].

More specifically, “Post-Redevelopment Contracts” include: (i) financial assistance agreements and amendments thereto, including, but not limited to, loan agreements, grant applications and related grant documents, owner participation agreements, and disposition and development agreements, utilizing funds or assets held or to be held by the Successor Agency or the Housing Successor, respectively; (ii) closing documents for transactions contemplated under financial assistance agreements, as amended; (iii) contracts for the purchase, sale, or lease of interests in real property, including, but not limited to, easements, licenses, right-of-entry permits or agreements, and use and occupancy permits; (iv) contracts related to the maintenance, operation, security, use, and development of real property and associated improvements, utilizing funds or assets held by the Successor Agency or the Housing Successor, respectively; (v) contracts for interagency loans permitted by the California Community Redevelopment Law; and (vi) all contracts, documents, administrative approval letters, and confirmation letters necessary or appropriate to carry out the purposes of Council-approved contracts and documents and adopted

Council resolutions, including, but not limited to, Resolution No. R-307276 (Feb. 17, 2012), and as otherwise necessary or appropriate to comply with the requirements of State law.

This memorandum supersedes the memorandum dated April 8, 2014, entitled "Designation of Authority to Execute Documents and Take Actions on Behalf of the Successor Agency and the Housing Successor to the former Redevelopment Agency of the City of San Diego."

Post-Redevelopment Contracts for Successor Agency and Housing Successor		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Neighborhood Services	All Post-Redevelopment Contracts	no limit
Economic Development Director	All Post-Redevelopment Contracts	no limit

#### GRANT AND LOAN CONTRACTS

"Grant and Loan Contracts" are contracts that secure funding, including cash bequests, for City projects from other public agencies or private donors. Related documents such as applications, certifications, and requests for payment or reimbursement may be signed by employees in the City department requesting the grants or loans. Some State agencies require delegation of authority to sign grant and loan documents be to specific individuals rather than to titles or positions, so separate delegation memoranda for grants and loans will be issued in these circumstances.

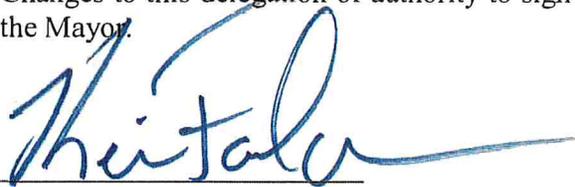
Grant and Loan Contracts		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officers	All federal, state, and local Grant and Loan Contracts, including official correspondence with granting agencies	no limit

**AGREEMENTS REGARDING THE CIVIC ART COLLECTION**

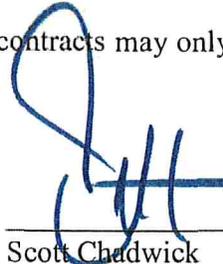
Pursuant to San Diego Municipal Code section 26.0713, the Executive Director of the Commission for Arts and Culture is the steward of the Civic Art Collection. Agreements regarding the Civic Art Collection include agreements for temporary custody of artworks, artwork reproduction licensing agreements, artwork adaptation licensing agreements, and deeds of conveyance for artwork acquisitions, incoming artwork donations, incoming artwork bequests, incoming artwork loans, outgoing artwork loans, interdepartmental artwork loans, exchange of deaccessioned artworks, and sale of deaccessioned artworks.

Agreements Regarding the Civic Art Collection		
Position	Type of Contract	Maximum Amount
Deputy Chief Operating Officer, Neighborhood Services	Agreements regarding the Civic Art Collection	no limit
Commission for Arts and Culture Executive Director	Agreements regarding the Civic Art Collection	no City funds

Changes to this delegation of authority to sign contracts may only be made in writing signed by the Mayor.



Kevin L. Faulconer  
Mayor



Scott Chadwick  
Chief Operating Officer



Stacey LoMedico  
Assistant Chief Operating Officer



Mary Lewis  
Chief Financial Officer

cc: Jan I. Goldsmith, City Attorney  
Elizabeth Maland, City Clerk



## THE CITY OF SAN DIEGO

## M E M O R A N D U M

DATE: September 24, 2015

TO: Directors, Deputy Directors, and Program Managers

FROM: Kristina Peralta, Interim Director Purchasing & Contracting  
Rolando Charvel, City Comptroller

SUBJECT: Non-Purchase Order Invoice Payments (IP) – Exceptions List

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This memorandum serves to restate the current Non-Purchase Order Invoice Payment (IP) Process for Fiscal Year 2016. Payments to a vendor, consultant, or contractor shall be initiated by issuing a City of San Diego Purchase Order (PO) to ensure that:

- appropriate policies and procedures in the procure-to-pay process are followed;
- insurance and licenses are in place for vendors or contractors working on City property;
- the City's Equal Opportunity Policy is adhered to;
- procurement trends are identified for contract development

To ensure compliance with this policy, all department IP requests not on the exception list below, need to be routed to Purchasing & Contracting for approval, prior to submission to the Office of the City Comptroller (Comptroller's). An email should be sent via Outlook to "PAC Invoice Payments" ([InvoicePayment@sandiego.gov](mailto:InvoicePayment@sandiego.gov)). In the Subject line of the email, indicate "Non-PO Invoice Payment – SAP Document Number". Include the vendor name, dollar amount, the description of services, and the justification for why the department believes the payment should be paid via IP. After review, P&C will respond to the email with the status. Please allow up to three days for a response. If approved, the department will attach the email to the IP request in SAP and save as complete. If disapproved, P&C will explain the process to follow in the email.

Any service or commodity purchase under contract cannot be paid via IP. **\*\*No consultant services can be paid via IP. An agreement and purchase requisition must be processed.**

The following are exceptions that have blanket approval and do not require Purchasing & Contracting approval for payment; these can be sent directly to Comptroller's for processing.

Invoice Payments

September 24, 2015

1. Advertising, (if onetime payment, under \$5,000 and P-Card not accepted)
2. Arbitrators – City Attorney
3. Authorized meals (Emergency Situations Only – if not on P-Card)
4. Bond Trustee Fees
5. Business Finance – SD Small Business
6. CDIAC Reporting Fees
7. Civic San Diego Payments
8. Cost Reimbursement District Payments
9. Court Processing and Filing Fees - fees must be paid to the Court at the time of filing court actions.
10. Developer's Reimbursement Agreements
11. San Diego County Water Authority (CWA) – quarterly capacity fee
12. Debt Management Special Transfer Taxes to Trustees
13. Disposition Fees
14. Expert Witness Fees
15. Grant Reimbursement -for overpayment of grants or funds not used made to the original Grantor
16. Homeland Security Sub-Recipient/Agency Reimbursement Payments
17. Jury Fees
18. Lab Services for Asbestos, Lead, and Mold for ESD
19. Legal Expert Witness
20. Library Books
21. License Fees
22. Mediators – City Attorney
23. Notary
24. P-Card payments to Bank of America
25. Parking Citation Revenue Districts – Payments made to County to distribute mandated State Court and County share of parking citation revenues. Also, included is category for net parking citation revenue payments to local issuing agencies for which the City provides parking citation processing services.
26. Paying Agent Fees
27. Permit Fees - one time yearly payment and P-card is not accepted.
28. Petty Cash Reimbursement (subject to Department's approved limit)
29. Police Regulated Occupations and Businesses Hearings - State of California
30. Preliminary Title Reports
31. Professional Memberships (If P-Card not accepted)
32. Promotional Sponsorships – Storm Water and Environmental Services
33. Property Purchases
34. Publications (If P-Card not accepted)
35. Real Estate Processing and Permit Fees - including all escrow fees
36. Real Estate Assets Revolving Fund
37. Refunds for Overpayments & Onetime payments to residents or businesses.
38. Right of Entry Permits
39. Seminar Registration fees (If P-Card not accepted)
40. Sheriff Department Service Fees - these fees are paid to law enforcement agencies to serve court documents and execute levies and garnishments necessary to liquidate judgments held in favor of the City on delinquent accounts. Fees must be paid at the time the orders/actions are submitted to the agency.

September 24, 2015

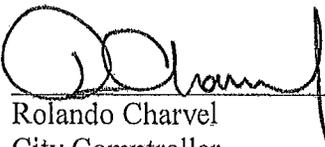
41. **State and Federal Government Claim filing fees** - these processing fees must be paid at the time of filing of claims associated with unpaid delinquent accounts owed to the City by the State and Federal governments.
42. **Storefront Improvement Rebate Checks**
43. **Taxes**, if not on P-Card - County/State/Federal
44. **Tax Assessments held for Special Assessment Community Facilities paid to Trustee Banks**
45. **Telecommunications Companies for San Diego Police Department (SDPD) Investigations**
46. **Tenant Relocation Fees to residents**
47. **Transcripts** (Court Assigned)
48. **Travel** – Airline, hotel and car rentals (If P-Card not accepted)
49. **Trust Fund Reimbursements/Refunds Witness Fees** – City Attorney
50. **Underwriter Fees**
51. **United States Post Office**
52. **Working Capital Advance** – Maintenance Assessment Districts (MAD) advances using Commitment Item 114005 only

The above list may be modified after review of exception requests received from departments and approved by the Director of Purchasing & Contracting. For an updated list of exceptions, please visit Purchasing & Contracting's Citynet web page at <http://citynet.sannet.gov/pac/>.

In lieu of an IP, procurement cards may be used for purchases under \$5,000 so long as the same vendor is used no more than three (3) times by the same cardholder in the fiscal year and all other purchasing protocols and P-Card Guidelines are adhered to, (see [http://citynet/comptroller/pdf/pcard/pcard\\_manual.pdf](http://citynet/comptroller/pdf/pcard/pcard_manual.pdf).)

Please ensure that staff processing IP's are aware of these policies; routing IP's to Comptroller's without prior approval from P&C will delay the timely processing of the documents. In addition, if a Purchase Order is deemed the acceptable contract method, P&C may disapprove the IP and request submission of a Purchase Requisition, which may further delay the approval process. For questions regarding this policy, please contact Karan Wolff, Principal Procurement Specialist.

  
\_\_\_\_\_  
Kristina Peralta  
Interim Director Purchasing & Contracting

  
\_\_\_\_\_  
Rolando Charvel  
City Comptroller

CC: Scott Chadwick, Chief Operating Officer  
Stacey LoMedico, Assistant Chief Operating Officer  
Mary Lewis, Chief Financial Officer  
Ron Villa, Deputy Chief Operating Officer, Internal Operations  
David Graham, Deputy Chief Operating Officer, Neighborhood Services  
Paz Gomez, Deputy Chief Operating Officer, Infrastructure/Public Works